

STATE OF MARYLAND

Request for Proposals

Long Term Care Insurance for Maryland State Employees

Solicitation No. F10R9000080

**Department of Budget and Management
Employee Benefits Division
March 9, 1999**

NOTICE

Prospective offerors who have received this document from a source other than the Issuing Office should immediately contact the Issuing Office and provide their name and mailing address so that the amendments to the RFP or other communications can be sent to them.

Minority Businesses are Encouraged to Respond to this Solicitation

NOTICE TO OFFERORS

In order to help us improve the quality of State proposal solicitations, and to make our procurement Process more responsive and Abusiness friendly@, we ask that you take a few minutes and provide comments and suggestions regarding the enclosed solicitation. Please return your comments with your proposal. If you have chosen not to bid on this contact, please fax this completed form to: (410 333-7122).

Solicitation Number: F10R9000080
Entitled: Long Term Care Insurance for Maryland State Employees.
Date: March 9, 1999

1. If you have responded with a Ano bid@, please indicate the reason(s) below:
 - R Other commitments preclude our participation at this time.
 - R The subject of the solicitation is not something we ordinarily provide.
 - R We are inexperienced in the work required.
 - R Specifications are unclear, too restrictive, etc. (please explain in the Remarks section).
 - R The scope of work is beyond our present capacity.
 - R Doing business with State of Maryland Government is simply too complicated (please explain in the Remarks section).
 - R We cannot be competitive (please explain in the Remarks section).
 - R Time allotted for completion of the proposal is insufficient.
 - R Start-up/implementation time is insufficient.
 - R Proposal requirements (other than specifications) are unreasonable or too risky (please explain in the Remarks section).
 - R MBE requirements (please explain in the Remarks section).
 - R Prior State of Maryland contract experience was unprofitable or otherwise unsatisfactory (please explain in the Remarks section).
 - R Payment schedule is too slow.

Other: _____

2. If you have submitted a proposal, but wish to offer suggestions or express concerns, please use the Remarks section below (use reverse or attach additional pages as needed).

REMARKS: _____

Vendor Name: _____ Date: _____

Contact Person: _____ Phone: _____

Address: _____

PROCUREMENT SCHEDULE

Long Term Care Insurance for Maryland State Employees

March 9, 1999 Advertisement of the Request for Proposals for Long Term Care Insurance for Maryland State Employees Issuance of Request for Proposals

March 9, 1999 Issuance of Requests for Proposals

March 19, 1999 Closing date for receipt of written questions to be answered during the pre-proposal conference. Must be received at the Issuing Office by 10:00 a.m. local time.

March 23, 1999 Pre-proposal Conference at 10:00 a.m.
300 West Preston Street - 1st floor auditorium
Baltimore, MD 21201

April 20, 1999 Closing date for submission of proposals. Proposals must be received at the Issuing Office by 1:00 p.m.

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- A: Long Term Care Insurance for Maryland State Employees Contract Agreement
- B: Proposal Affidavit
- C: Contract Affidavit
- D: Certified Minority Business Enterprises
- E: Financial Proposal - Long Term Care Insurance

SECTION 1. GENERAL INFORMATION

1.1 SUMMARY STATEMENT

The Department of Budget and Management (DBM) is issuing this RFP for Long Term Care Insurance for Maryland State employees. The State of Maryland is seeking a vendor to provide an equitable, affordable program of insurance for long term care services that proactively addresses the everchanging and varied needs of its employees.

1.2 DEFINITIONS

For the purposes of this RFP, the following terms have the meanings indicated below:

ACOB@ means Coordination of Benefits.

ACOBRA@ means Consolidated Omnibus Budget Reconciliation Act.

ACOMAR@ means Code of Maryland Regulations.

AContractual Employee@ means a non-permanent employee of the State of Maryland who is not eligible for State subsidy of benefits, but is eligible to enroll in the State of Maryland Benefits Program, paying full premium costs.

ACovered Lives@ means each individual enrolled in a plan.

ADB@ means the Department of Budget and Management.

ADependent@ means a spouse, natural child, step-child, legally adopted child, or legal ward of an eligible member, as defined in COMAR 06.01.07.03A(11).

ADirect Pay Enrollee@ means an individual who is billed directly by the Department of Budget and Management for selected benefits.

AEBD@ means Employee Benefits Division.

AEOB@ means Explanation of Benefits.

AFTE@ means Full-Time Equivalent.

ALeave of Absence@ means a permanent employee who is on an approved, non-paid leave of absence from State of Maryland employment, who is not eligible for state subsidy of benefits, but is eligible to participate in certain benefits provided by the State of Maryland while on a leave of absence.

AMBE@ Means a Minority Business Enterprise that is certified by the Maryland Department of Transportation.

AMember@ means an employee who is eligible to participate in the State of Maryland Benefits Program but does not include the member=s dependents.

AMIS@ Means Management Information System.

APart-Time Employee@ means a permanent employee who works less than fifty percent of the standard work week and is not eligible for state subsidy of benefits, but is eligible to enroll in the State of Maryland Benefits Program.

ARFP@means this Request for Proposals for Long Term Care Services for Employee Benefit Programs for Maryland State Employees.

ASatellite Account Employee@ means an employee of a political subdivision, agency, commission, or organization that is permitted by Maryland law to participate in the State of Maryland Benefits Program.

ASubcontractor@ means an organization or entity that the offeror plans to utilize for the purposes of administrative services covered under this contract.

ATTY/TDD@ means a telephone device used by hearing impaired individuals whereby they communicate via telephone connected to a keyboard and screen.

1.3 ISSUING OFFICE AND PROCUREMENT OFFICER

The sole point of contact in the State for purposes of this RFP is the Issuing Office at the address listed below:

State of Maryland
Department of Budget and Management

Employee Benefits Division
301 West Preston Street, Room 509
Baltimore, Maryland 21201
Attn: Gladys B. Gaskins
Telephone: (410) 767-4710
Fax: (410) 333-7122

The Procurement Officer is Joel Leberknight, 45 Calvert Street, Room 137, Annapolis, Maryland 21401, (410) 260-7116. (Fax: 410-974-3274).

A copy of this RFP also can be obtained from the Department's Internet Web Site. The address is www.dbm.state.md.us under Division of Policy Analysis - Procurement..

1.4 PRE-PROPOSAL CONFERENCE

A Pre-Proposal Conference will be held on March 23, 1999, beginning at 10:00 a.m. in the auditorium located on the 1st floor, 300 West Preston Street, Baltimore, Maryland 21201. Attendance at the Pre-Proposal Conference is not mandatory, but all interested offerors are encouraged to attend in order to facilitate better preparation of their proposals. The conference will be transcribed. A copy of the transcript of the Pre-Proposal Conference will be made available to potential offerors at a nominal charge directly from the transcription company. In addition, minutes of the conference will be distributed, free of charge, to all vendors who are known to have received the RFP. Both written and verbal questions will be considered at the Pre-Proposal Conference.

All questions, either verbal or written, should be submitted in a timely manner. In the case of questions not received in a timely manner, the Procurement Officer shall, based on the availability of his time to research and communicate an answer, decide whether he can answer an untimely submitted question before the proposal due date. Answers to all substantive questions which have not previously been answered will be distributed to all vendors who are known to have received the RFP.

1.5 PROPOSAL DUE DATE

Except as provided in COMAR 21.05.02.10, the proposals are to be received by the Issuing Office, no later than April 20, 1999 at 1:00 p.m. Proposals may not be submitted by e-mail or facsimile.

1.6 DURATION OF OFFER

Proposals submitted in response to this RFP are irrevocable for 120 days following the closing date. This period may be extended at the Procurement Officer's request only by an offeror's written agreement.

1.7 REVISIONS TO THE RFP

If it becomes necessary to revise this RFP, amendments will be provided to all prospective offerors that were sent this RFP or otherwise are known by the Procurement Officer to have obtained this RFP. Acknowledgment of the receipt of all amendments to this RFP must accompany the offeror's proposal. Failure to acknowledge receipt does not relieve the offeror from complying with all terms of any such amendment.

1.8 CANCELLATION; DISCUSSIONS

The State reserves the right to cancel this RFP, accept or reject any and all proposals, in whole or in part, received in response to this RFP, to waive or permit cure of minor irregularities, and to conduct discussions with all qualified or potentially qualified offerors in any manner necessary to serve the best interests of the State of Maryland. The State also reserves the right, in its sole discretion, to award a contract based upon the written proposals received without prior discussions or negotiations.

1.9 ORAL PRESENTATION

Offerors may be required to make individual presentations to State representatives in order to clarify their proposals. Representations made during the oral presentation become part of the offeror's proposal and are binding if the contract is awarded.

1.10 INCURRED EXPENSES

The State will not be responsible for any costs incurred by an offeror in preparing and submitting a proposal, in making an oral presentation, in providing a demonstration, or in performing any other activities relative to this solicitation.

1.11 MULTIPLE AND ALTERNATIVE PROPOSALS

Multiple proposals will not be accepted. An offeror may, however, submit an alternative proposal in addition to a proposal which fully conforms to the requirements of the RFP. Alternative proposals must be clearly labeled as such and follow the same format as the primary proposals but should contain only that information which is different from the primary proposal. Each proposal must be bound separately and prepared in accordance with Section 5 of this RFP.

1.12 ACCESS TO PUBLIC RECORDS ACT NOTICE

An offeror should give specific attention to the identification of those portions of its proposal that it considers confidential, proprietary commercial information or trade secrets, and provide justification why such materials, upon request, should not be disclosed by the State under the Access to Public Records Act, Title 10, Subtitle 6, of the State Government Article of the

Annotated Code of Maryland. This information is to be placed after the Title page and before the Table of Contents in both the technical and financial proposals. Respondents are advised that, upon request for this information from a third party, the Department is required to make an independent determination regarding whether the information may be disclosed (see COMAR 21.05.08.01).

1.13 OFFEROR RESPONSIBILITIES

The State will enter into contractual agreement only with the selected offeror. The selected offeror shall be responsible for all products and services required by this RFP. Subcontractors, excluding those used to meet MBE participation goals, must be identified and a complete description of their role relative to the proposal must be included in the offeror's proposal. Additional information regarding MBE subcontractors is required under paragraph 1.17 below.

1.14 MANDATORY CONTRACTUAL TERMS

By submitting an offer in response to this RFP, an offeror, if selected for award, shall be deemed to have accepted the terms of this RFP and the Contract, attached as Attachment A. A proposal that takes exception to these terms may be rejected.

1.15 PROPOSAL AFFIDAVIT

All proposals submitted by an offeror must be accompanied by a completed Proposal Affidavit. A copy of this Affidavit is included as Attachment B of this RFP.

1.16 CONTRACT AFFIDAVIT

All offerors are advised that if a contract is awarded as a result of this solicitation, the successful offeror will be required to complete a Contract Affidavit. A copy of this Affidavit is included for informational purposes as Attachment C of this RFP. This Affidavit must be provided at the time of contract award.

1.17 MINORITY BUSINESS ENTERPRISES

A Minority Business Enterprise (MBE) subcontract participation goal of 15 percent has been established for this procurement. The contractor shall structure its awards of subcontracts under the contract in a good faith effort to achieve the goal in such subcontract awards by businesses certified by the State of Maryland as minority owned and controlled. MBE requirements are specified in Attachment D of this RFP.

A current directory of MBEs is available through the Maryland State Department of Transportation, Office of Minority Business Enterprise, P.O. Box 8755, B.W. I. Airport, MD 21240-0755. The telephone number is (410) 865-1244.

1.18 ARREARAGES

By submitting a response to this solicitation, each offeror represents that it is not in arrears in the payment of any obligations due and owing the State of Maryland, including the payment of taxes and employee benefits, and that it shall not become so in arrears during the term of the contract if selected for contract award.

1.19 PROCUREMENT METHOD

This Contract will be awarded in accordance with the competitive sealed proposals process under COMAR 21.05.03.

1.20 CONTRACT DURATION

The period for selling insurance under the contract, resulting from this RFP, shall be for a period

of four years beginning on or about January 1, 2000 and ending on or about December 31, 2003.

The State, at its sole option, shall have the right to extend the contract term for 2 additional, successive one year terms as follows:

Option Year 1 - on or about January 1, 2004 to on or about December 31, 2004.

Option Year 2 - on or about January 1, 2005 to on or about December 31, 2005.

However, the contract shall commence on about July 1, 1999 for various activities which are necessary in preparation for the January 1, 2000 start of contract selling period.

1.21 CONTRACT TYPE

The contract to be awarded shall be a firm, fixed price contract.

SECTION 2. OFFEROR QUALIFICATIONS

Offerors must be certified by the Maryland Insurance Administration to sell Long Term Care Insurance in the State of Maryland.

SECTION 3. SPECIFICATIONS

3.1 BACKGROUND

The State of Maryland does not currently offer a Long Term Care benefits plan. A Long Term Care Plan was previously offered by the State through the Travelers Insurance Company for Calendar Year 1988 - Calendar Year 1994. The benefit option was eliminated in 1994 when there were approximately 700 enrollees.

The State provides an expansive range of employee benefit plans to approximately 70,000 active employees, 27,000 retirees, 2,000 Satellite account employees, 1,500 Direct Pay enrollees, and

their covered dependents. Benefit plans include health, dental, group term life, accidental death and dismemberment, flexible spending accounts, prescription, mental health, and vision.

These benefits are offered to a diverse workforce that includes clerical, administrative, technical, professional, maintenance, educational (State colleges and universities), public safety, appointed and elected officials at more than 250 different worksites.

3.2 SCOPE OF WORK

The State is soliciting proposals for one vendor to provide group Long Term Care (LTC) insurance, the selected contractor is to provide a responsive, efficient, auditable, service-oriented system that will:

- A. Permit all eligible members to obtain group long term care insurance for themselves and/or their designated family members and issue Explanation Of Benefits detail for long term care services rendered.
- B. Ensure prompt payment of claims to long term care providers either by a paper check or electronic funds transfer.
- C. Deliver management information reports covering participation, utilization, claims reporting, and administrative services data by group covered under the plan.
- D. Provide a state-of-the-art customer service operation that is available to plan members (both in-state and out-of state) from at least 8:00 a.m. to 5:00 p.m. Monday through Friday local time in Maryland except on State observed holidays. The customer service operation must also include a toll-free customer service line equipped with an automated voice response system that members (both in-state and out-of-state) can access directly 24 hours a day, 7 days a week. Claim forms (if used) must be mailed to members within two

business days from the date of request. The customer service operation must include:

- a. Qualified staff available to answer questions on plan eligibility, plan guidelines, benefit levels, and claims procedures. Disabled individuals must be provided adequate access to the customer service system.
 - b. An information system capable of electronically transmitting, receiving, and updating member profile information regarding demographics, coverage, and other information (e.g. eligibility, change of address, etc.).
 - c. The ability to maintain an eligibility file that identifies eligible members as well as certain other pertinent information regarding members.
 - d. A system for providing Explanations Of Benefits to eligible members detailing payments to facilities and providers for services rendered and the amounts applicable to each service.
- E. Convert State data files, including the State master enrollment file and any other relevant files to the vendor=s data system. This includes any upgrades or conversions of State of Maryland data files such as a master enrollment file, master dependent file, and any other relevant files to permit their use in the vendor=s automated processing system.
- F. Offer support services beginning with the 1999 Open Enrollment period (for the plan year beginning January 1, 2000) and subsequent open enrollments during the term of the contract.
- G. Guarantee that in the event a long term care provider is not paid accurately for services rendered, that the member shall not be liable to the provider for any sum owed by the

insurer/contractor.

- H. Have a procedure for resolving complaints in place and operable on January 1, 2000. The State requires that an expeditious, written resolution will normally be mailed within 10 workdays of receipt of the complaint.

- I. Provide administrative and enrollment processing services for the group long term care insurance program.
 - a. Provide a listing (by subgroups) of employees enrolled, social security number, type of coverage, and amount of premium. (Additional reporting requirements are identified in the Questionnaire, Section 3.5).
 - b. Furnish or cause to be furnished to each subscriber a benefit certificate booklet which outlines and defines all covered services, limitations and exclusions, procedures for receiving services, and schedule of benefits. Reprint of the certificate booklet will be required when there are significant modifications to the plan.
 - c. Provide a systematic procedure for the resolution of claim discrepancies, including an appeals process.
 - d. Provide annually the necessary data on employees and dependent enrollment in order for the employer to comply with all state and federal legislation. The program offered must qualify for tax preferences granted by the Health Insurance Portability and Accountability Act of 1996 (HIPAA >96).
 - e. Use a standardized enrollment application form that has been approved by the State of Maryland.
 - f. Share the expenses for printing the State of Maryland Open Enrollment booklet which will be shared among all benefit plans, including prescription, personal accident and dismemberment, etc.

3.3 DESIRED PLAN DESIGN

The State intends to offer a group long term care insurance program that provides a reasonable array of eligible benefits at an affordable cost to participants. The plan should have sufficient flexibility to allow participants to tailor benefits to their specific needs, but not so many options as to be confusing.

Offerors are requested to submit a proposed group long term care plan design that will meet these criteria.

The proposed plan design should incorporate the following plan design options.

- A. Daily benefit options:
 - 1. \$75
 - 2. \$100
 - 3. \$150
 - 4. \$200
- B. Waiting period:
 - 1. 90 days
- C. Benefit period options:
 - 1. 3 years
 - 2. 6 years
- D. Inflation protection options:
 - 1. No inflation protection
 - 2. Inflation protection at 5% per year
- E. Nonforfeiture provision options:
 - 1. No nonforfeiture provision
 - 2. Nonforfeiture provision

At a minimum, membership would be available to all active, satellite account , contractual and part-

time employees, retirees, and their dependents, and relatives (parents and parent-in-laws).

Members will be responsible for 100% of the premium cost. The State of Maryland will not be providing any subsidy for this benefit. Employees and retirees may elect either payroll or annuity deductions. Other enrollees must be direct billed by the carrier.

3.4 IMPLEMENTATION SCHEDULE

The State desires that the offeror meet the following implementation schedule:

DATE	ACTIVITY
July 1, 1999 or upon contract commencement, if later	Begin implementation meetings with the State of Maryland.
30 calendar days after contract commencement	Completion of draft communications materials presented to the State for review.
September 1 - November 30	Open Enrollment Activities, including presentations to Agency Benefits Coordinators in Open Enrollment.
January 1, 2000	Effective Date of Insurance Coverage.

3.5 QUESTIONNAIRE

The purpose of these questions is to obtain information to assist the State in its evaluation of offeror capabilities in terms of the evaluation criteria identified in Section 4 of this RFP. The responses in this section will be an important component in the evaluation. In responding, offerors should repeat each question, followed by the answer. Answers should be concise, but complete. Offerors must respond specifically to each question in this section, regardless of whether the information appears or may be gleaned from other sections of the offeror=s proposal. Failure to respond in this section to all questions may result in rejection of the offeror=s proposal. To assist offerors in the preparation of their responses, a disk copy of this questionnaire in WordPerfect 6.1 format is available.

Organization Name:_____

Primary Contact:_____

Title:_____

Headquarters Address:_____

Telephone Number: ()_____

Fax Number: ()_____

E-Mail Address_____

Selection Criterion 1 B Benefit Design, Eligibility, Covered Services

Benefit Design

1. Describe the range of benefits in your proposed plan as described in Section 3.3 of this RFP.

2. Complete the following chart. Indicate the percentage of the daily benefit covered for the services where you answered Ayes@.

Services Covered	Yes	% Covered	No
Skilled nursing in skilled nursing home			
Skilled nursing in the home			
Intermediate nursing in a nursing home			
Intermediate nursing in the home			
Convalescent care in a convalescent facility			
Convalescent care in the home			
Custodial care in a nursing home			
Custodial care in the home			
Community adult day care			
Homemaker services			
Home health aide			
Respite care for family members or other care givers			
Hospice care (inpatient, outpatient)			
Speech therapy and physical therapy			
Assisted Living facility			
Alzheimer=s facility			
Other (please describe)			

3. Describe in detail your definition of benefit eligibility. Provide your definitions of Activities of Daily Living (ADLs). Are cognitive impairments considered? Is your definition of completion of task based on `Aactive@` or `Astand-by@` assistance? Does the disability requirement differ for confinement or home health care?
4. Respond to the following:
 - a. Describe your non-forfeiture (coverage-at-lapse) provision. Provide a financial example of this provision.
 - b. Describe the automatic inflation protection feature. Is there a maximum inflation cap? Provide a financial example of this feature.
 - c. Under what conditions may a participant switch to a program with an automatic inflation protection feature?
5. If the maximum lifetime benefit does not apply to all covered services, which services are limited?
6. Describe the waiting period. Do covered services need to be received during this period? Do the days need to be consecutive?
7. Is there a transition benefit (e.g., five times daily benefit amount, payable once per lifetime)? Describe the benefit and indicate whether it reduces the maximum lifetime benefit.
8. Do you offer a nursing home bed reservation provision? If so, please describe.

9. Do you reimburse the maximum daily benefit if the actual cost of services is lower than the maximum? Is your LTC product an Δ incurred Δ or Δ disability Δ model? Please discuss.
10. Does your policy exclude coverage and if so, what is excluded? Do you exclude coverage for persons with Alzheimer=s disease?
11. Do you offer LTC information and referral services as part of your benefit package? Please describe these services. Are these services available to employees or dependents who are not participating in the long term care insurance program?
12. Will the policy offered to the State require treatment for an acute medical condition before payments will be made for custodial or intermediate care?
13. How often can claimants access care-planning services?
 - a. How is this service accessed?
 - b. What is the annual or lifetime limit on provision of case management services that is included in your rates?
14. How do you handle naming of beneficiaries?
15. What plan design(s) do you offer that best fit the needs of State employees, dependents and relatives?

Eligibility Provisions

16. Complete the following eligibility chart:

Who is eligible?	Yes/No	Comments/Special Issues
Employee		
Retiree		
Spouse		
Surviving spouse		
Parents		
Parents-in-law		
Children		
Others (describe)		

17. Are there any Alinkage® requirements? For example, must the employee or retiree enroll in order for his/her spouse, parents, etc. to enroll?
18. Will employees be accepted into your Long Term Care insurance program on a guaranteed-issue basis? Are there any pre-existing limitations or exclusions?

Premium Provisions

19. What happens when a purchaser of long term care insurance misses or is late in paying his/her premiums?
20. How will you collect premiums from retirees and other ☐ direct pay ☐ employee groups?
21. Describe your premium waiver provision.
22. Describe your return of premium on death provision. Include a financial example.

Providers

23. Do you have a ☐ preferred providers ☐ list? How are providers eligible for inclusion on the list? What screening and credentialing is conducted? How are participants advised of this list?
24. Complete the following chart:

Provider Type	Number Contracted	Discounts Negotiated
Nursing homes		
Alzheimer=s facilities		
Assisted living facilities		

Home health care nurses		
Home health care aides		
Adult day care facilities		
Other		

25. Provide a listing of contracted providers in Maryland, including name, city and type of provider. This listing should be provided on paper and in an electronic format that will allow analysis (e.g. spreadsheet, data base, via Internet or e-mail).
26. Do you own providers? What discounts does the plan receive and how do you pass the discounts along to the client or participants?
27. Can the participant choose the facility?
28. What criteria do you apply for including a facility in your list of approved providers for long term care benefits? Do you limit the list of approved facilities? If so, how?
29. How do you assure quality in the care provided? How do you communicate with the State concerning the quality of care provided under this program?

Flexibility

30. Under what conditions may a participant increase or decrease his/her daily benefit level?
31. If an individual purchases a policy without a nonforfeiture benefit, and then desires to add nonforfeiture benefits at a later date, what restrictions will you impose on this election?
32. What restrictions, if any, will you place on a participant who purchases a plan with a two-year maximum benefit, for example, and later wants to increase coverage to a five-year maximum?
33. Is the plan portable (i.e., if a person who purchases long term care insurance while covered under the State program subsequently loses affiliation with the State, can she/he continue to carry the policy and pay the premium directly to your company)? If the covered person elects to continue the policy, would your premium rates change? If the plan is not portable, will you guarantee the return of some portion of the premiums already paid?
34. Is the policy you propose convertible at termination of employee service? Describe what happens upon contract termination.
35. May a participant trade or switch benefits among various benefit components (e.g. trade nursing home days for other services)?

36. If your company upgrades some of the basic design features of your long term care policy, will employees who have already purchased coverage be given the opportunity to upgrade to the new policy:
- a. On a guaranteed issue basis?
 - b. Without being subject to pre-existing condition exclusions?
 - c. At the rate for their prior entry age?

Selection Criterion 2 B History, Structure, Financial Strength, Experience

History

37. Provide a brief summary of the history of your company and information about the growth of your organization on a national level. Provide the following information about your company:
- a. Organization=s legal name
 - b. State of incorporation
 - c. Date of incorporation
38. Describe any significant government action or litigation taken or pending against your company or any entities of your company.

Structure

39. Provide the addresses, including city and state, for the following activities:

- a. Corporate/Firm Management Office
 - b. Customer Service Office
 - c. Provider Service Office
 - d. Account Management/Client Services Office
 - e. Technical Support Office
40. Provide the names, location, telephone numbers and brief resumes for each of the following proposed contacts for the State of Maryland:
- a. Primary account service representative.
 - b. Account manager.
41. Explain your organization=s ownership structure, listing all separate legal entities. Describe all major shareholders/owners (10% or greater ownership) and list their percent of total ownership.
- 42.
- a. Describe how long the current ownership structure has been in place.
 - b. Note any changes in ownership structure that have occurred within the last two years.
 - c. Note any changes in ownership structure anticipated to occur within the next two years.
 - d. List any ownership interest your company has in any business that provides a service or product related to long term care. Describe the relationship.

Financial Strength

43. Provide a profile of your group long term care business for each of the latest three calendar years (1998, 1997 and 1996). Include: total premium volume, total number of clients, total number of participants covered, number and average size of public sector clients, number of public sector participants, number of claims for long term care benefits paid, and number and average size of plans terminated during the year.
44. Provide the following:
- a. copies of your company=s Annual Reports for your most recent three fiscal years.
 - b. a copy of your most recent quarterly financial statement filed with the Maryland Insurance Administration.
45. What fidelity and surety insurance, general liability and errors & omissions or bond coverage do you carry to protect your clients? Describe the type and amount of each coverage that would protect this plan. Do you agree to furnish a copy of all such policies for review if requested?
46. What has been the average percentage change in your long term care insurance rates in each of the past three years?

47. How are long term care insurance reserves invested and how is interest credited on those reserves?
48. What reserve information will be released to the State and/or to the enrollees at renewal and at year-end accounting?

Experience

49. Describe your company=s experience in providing group long term care insurance. How many years have you been administering long term care plans? How many clients/accounts/covered lives are you currently administering? How long have you offered long term care insurance products to Maryland based clients?
50. List three (3) of your largest current group long term care insurance clients. For each client provide:
- a. Client name and address.
 - b. Name, title and telephone number of a person we may contact.
 - c. Number of employees/retirees covered and total employees/retirees of the client.
51. List your three (3) largest current group long term care insurance clients located in Maryland. For each client provide:

- a. Client name and address.
 - b. Name, title and telephone number of a person we may contact.
 - c. Number of employees/retirees covered and total employees/retirees of the client.
52. List three (3) former group long term care insurance clients that have terminated their contract with your organization within the last 24 months. For each terminated client provide:
- a. Former client name and address.
 - b. Name, title and telephone number of a person we may contact.
 - c. Number of employees/retirees covered and total employees/retirees of the client.
 - d. The number of years as a client.
 - e. The reason(s) for terminating the contract.
53. What key features distinguish your LTC insurance product from your competitors and what do you perceive as your competitive advantages? Who do you view as your primary competitors for group long term care insurance? (Limit response to 2 page).
54. Do you now subcontract with any other organization(s) for professional services? If so, provide a description of your subcontracting arrangements.

Subcontractor Information B NOTE: Although preferred, the offeror is not required to identify MBE subcontractors until 10 working days after the contract is awarded.

55. Does your company currently have or plan to have offices or use subcontractors that have offices located in the State of Maryland?
56. Provide the same information requested in Questions 37-52 for each subcontractor, other than those used to meet the MBE subcontracting goal, that the offeror proposes to have perform any of the required functions under this contract.

Selection Criterion 3 B Administration, Member Services, Communications, Systems

Administration/Enrollment

57. Who determines eligibility? How do you screen applicants for eligibility?
58. Will you accept participants from the State=s prior plan? Under what conditions?
59. Describe your process for enrollment of participants. What is your average turnaround time for processing an application for coverage? What is the process and timing for processing changes of coverage?
60. What percentages of applications are approved and denied? Provide a list of the top reasons for denial of coverage including a percentage

for each reason. The list of reasons should represent at least 75% of all denials.

61. What is your anticipated and average actual turnaround time on each of the following types of LTC claims:
 - a. Nursing home
 - b. Home health care
 - c. Nursing Aides
62. Describe your claims payment process from receipt of claim to issuance of check. Discuss how the process is supervised and how you maintain quality control of the process. Is there any difference for in-state vs. out-of-state vs. out-of-country requests?
63. Describe in detail the grievance and claims appeals processes used for your long term care product, including timing, people involved, percent resolved on first appeal and steps beyond the first appeal to final resolution. Describe the means by which customers will be able to express dissatisfaction with any of the services provided. Do you monitor complaints and conduct follow-up surveys?
64. Do you conduct internal audits of claims processed? What percent of claims are audited, who conducts the audits and what items does the auditor review? Provide a summary of the findings of the most recent internal audit.
65. Do you conduct external audits of claims processed? What

processes are audited? Provide a summary of the results of the most recent external audit. Will you allow the State to review the results of that external audit?

- 66. What training on your long term care program will you provide to State staff (benefits staff, Benefit Coordinators, and others as designated)?
- 67. Does your organization practice a post-claims underwriting? Are medical history checks only performed upon receipt of a claim, and if so, if the insured had omitted any relevant information or misstated an item on the original application, could a claim be refused? Under what circumstances could a claim be refused? Describe other possible reasons for the non-payment of benefits.
- 68. If the name/address information provided by members differs from the membership information provided by the State, how will participants be able to access their long-term care benefits?

Member Services

- 69. Describe how you will provide customer service to the State of Maryland and its participants.
- 70. How many customer service representatives will be dedicated to the State? Will these representatives also provide service to other clients? If so, how many clients and what size?

- 71. What is the total number of customer service representatives for your long term care product?
- 72. Where will the customer service center be located for the State of Maryland? Provide an address, telephone number and contact at the customer service center.
- 73. What training do your customer service representatives receive?
- 74. How do you track claims for your customer service center? Describe online systems and other tracking processes.
- 75. How is eligibility and plan provision information made available to customer service representatives and claims processors?
- 76. What are the hours of your customer service center? How do you handle evening and weekend calls? What facilities are available for the hearing impaired and for participants who speak a foreign language? How are calls monitored for quality, courtesy and accuracy? When can members access a live person?

Participant Communications

- 77. Describe how you communicate with employees and participants in the program.
- 78. Provide examples of the employee communication materials you

propose to use, including:

- a. Enrollment and plan information.
- b. Summary of plan provisions.
- c. Outline of Coverage.
- d. Enrollment certificate.
- e. Other printed publications or video presentations.
- f. Draft plan description for Open Enrollment booklet.

79. Provide examples of the following:

- a. Application for enrollment.
- b. Medical questionnaire to be used in conjunction with enrollment.
- c. Sample claim form.
- d. Sample Explanation of Benefits (EOB) form.
- e. Standard letters used in communicating with individuals who are in Aclaim® status.
- f. Sample communication materials to be distributed to all members including, but not limited to, procedures for obtaining long term care benefits, claim forms, and address changes.

80. The State prepares an annual summary of benefit plans booklet for its open enrollment season. Can your application be duplicated in an 8 1/2 x 11 format compatible with the State's open enrollment booklet?

81. What participant access and information is available through the Internet?

- 82. How do you provide information to participants on providers by area and on the cost of care?
- 83. What do you do to communicate with employees after initial enrollment?
- 84. Describe your strategy for encouraging participation by State employees and other eligible individuals.

Reporting

- 85. List and describe your standard reports (including frequency). Include samples of each report.

Report Type	Available (Yes/No)	Frequency
Experience monitoring		
Utilization and Cost Anaylsis		
Case Management		
Other (describe)		

86. What additional reports are available upon request? What is the process for requesting such reports? How quickly are reports provided?

87. What data elements are collected to provide information on utilization?

88. What reports do you provide to participants in the program?

Systems

89. Describe your computer system security measures. Describe the system backup and disaster recovery procedures for your long term care systems. How often is the system tested? When was the system last tested and what were the results? What system down time have you experienced over the latest 12 months?

90. Provide a statement regarding your company=s Y2K Compliance status. Include specific descriptions of any system issues that could affect the State=s benefits and payroll systems. Do you warrant that the services and software used by your firms to service the client will not be affected by or will be modified to properly function during the transition to the Year 2000?

Performance Standards

Confirm your agreement to meet each of the following performance standards and indicate your company=s actual performance for each measurement over the latest year.

1. Toll Free Calls
 - a. Average speed of answer within 20 seconds on a monthly basis;
 - b. Call abandonment rate of less than three percent on a monthly basis;
 - c. No busy signals;
 - d. Call backs on messages left after hours will be made on the next business day;
 - e. Quality assurance surveys sent to 15% of all individuals calling the 800 line during enrollment periods;
 - f. Phone reports and results of surveys provided to the State of Maryland on an As requested A basis;
 - g. Resolution of 95% of participant inquiries within 24 hours; and
 - h. Resolution of remaining 5% of participant inquiries within 72 hours.
2. Underwriting:
 - a. All applications reviewed and initial action taken within 10 business days of receipt; and
 - b. Determination made on all applications within five business days of receipt of all necessary information.
3. Benefit Authorization:
 - a. Make a determination on all requests for benefits within five working days of receipt of all necessary information;
 - b. Process all claims and written inquiries within ten working days of receipt of all

necessary information; and

- c. Maintain an overall accuracy rate for claims payments of 99%.

4. Implementation:

- a. Provider agrees to meet critical implementation dates including, but not limited to, communications material availability, employee meetings and earliest implementation date of January 1, 2000. All implementation efforts and services will be performed to the satisfaction of the State of Maryland.

5. General Client Satisfaction with Management of Account:

- a. Ongoing service, delivery, and policyholder services will be performed to the State of Maryland=s satisfaction, including but not limited to: (1) response to written inquiries within 10 days; (2) appeals resolved within 30 days; (3) processing of enrollment information within 48 hours 90% of the time; (4) emergency enrollments by close of business, as determined by the State.

6. Agreement to Allow Outside Audits:

- a. Provider agrees to allow audits as requested by the State.

Selection Criterion 4 B Implementation and Management Plans

- 91. Provide detailed implementation and management plans that demonstrate the offeror=s capability and plan for implementing and managing the services required, including data information services for enrollment.

- a. Implementation Plan

The implementation plan should clearly demonstrate the offeror=s ability to meet the

State=s requirements to have a fully functioning program in place and operable on January 1, 2000 as outlined in the Implementation Schedule in Section 3.4. This plan should include a list of specific implementation tasks/transition protocols and the timetable for initiation and completion of such tasks beginning with the contract award and continuing through the effective date of operation (January 1, 2000). The implementation plan should be specific about requirements for information transfer as well as any services or assistance required from the State during implementation. The implementation plan should also specifically identify those individuals, by area of expertise, responsible for key implementation activities and clearly identify their roles. A detailed organizational chart as well as resumes should be included.

b. Management Plan

1. The management plan should include the name and title of the person with overall responsibility for planning, supervising, and performing account support services for the State. The management plan should also note what other duties, if any, this person has and the percentage of this person=s time which will be devoted to the State. This person=s resume should be included.
2. The management plan should also include an organizational chart identifying the names, functions, and reporting relationships of key people directly responsible for account support services to the State. It should also document how many account executives and group service representatives will work full-time on the State=s account, and how many will work part-time on the State=s account.
3. The management plan should describe account management support, including the number of meetings with DBM staff to be held annually, information to be reviewed at each meeting, frequency of ongoing communication, and assurance

of accountability for account services satisfaction. It should identify the location of all service centers that will be used to service this contract. It should also include the mechanisms and processes in place to allow Employee Benefits Division personnel to communicate with account service representatives; the hours of operation; types of inquiries that can be handled by account service representatives; and a brief explanation of information available on-line. The Employee Benefits Division requires identification of an account services manager to respond to inquiries and problems, and a description of how the offeror=s customer service and other support staff will respond to subscriber or client inquiries and problems. The management plan should include the names, resumes and a description of functions and responsibilities for all supervisors and managers that will provide services to the State with respect to this contract.

Selection Criterion 5 B Maryland Economic Impact

92. Describe the benefits that will accrue to the Maryland economy as a direct or indirect result of your performance of this contract:
- a. the amount or percentage of contract dollars (but not both) to be recycled into Maryland=s economy in support of the contract through the use of Maryland subcontractors, Maryland suppliers, MBEs, and Maryland joint venture partners. Be as specific as possible. Provide a breakdown of expenditures in this category.
 - b. the number and types of jobs for Maryland residents resulting from this contract. Indicate job classifications, number of employees in each classification, and the aggregate payroll to

which you commit at both prime and, if applicable, subcontract levels.

- c. tax revenues to be generated for Maryland and its political subdivisions as a result of this contract. Indicate tax category (sales tax, payroll tax, inventory tax, and estimated personal income tax for new employees). Provide a forecast of the total tax revenues resulting from this contract.
- d. other benefits to the Maryland economy, which you promise will result from the award of this contract. Please describe the benefit, its value to the Maryland economy, and how it will result from the contract award.

Additional Benefits Available

- 93. Describe and document any future or additional benefits that you are offering the State if you are awarded this contract.

SECTION 4. EVALUATION CRITERIA AND SELECTION PROCEDURE

4.1 EVALUATION CRITERIA

Criteria for evaluation of the technical proposals are listed in descending order of importance and correspond to the respective sections of the questionnaire.

1. Benefit Design, Eligibility, Covered Services
2. History, Structure, Financial Strength, Experience
3. Administration, Member Services, Communications, Systems
4. Implementation and Management Plans
5. Maryland Economic Impact

4.2 SELECTION PROCEDURE

The contract will be awarded in accordance with the competitive sealed proposal process under Code of Maryland Regulations 21.05.03. The competitive sealed proposals method is based on discussions and revision of proposals during these discussions.

Accordingly, the State may hold discussions with all offerors judged reasonably susceptible of being selected for award, or potentially so. However, the State also reserves the right to make an award without holding discussions. In either case of holding discussions or not doing so, the State may determine an offeror to be not responsible and/or not reasonably susceptible of being selected for award, at any time after the initial closing date for receipt of proposals. Financial proposals of qualified offerors will be opened only after all technical proposals have been evaluated.

After a review of the financial proposals of qualified offerors, the Procurement Officer may again conduct discussions with the offerors. The purpose of any such discussions will be: to assure full understanding of the State=s requirements and the offeror=s ability to perform; to obtain the best price for the State; and to facilitate arrival at a contract that will be most advantageous to the State.

Offerors must confirm in writing any substantive oral clarification of their proposals made in the course of discussions. When in the best interest of the State, the Procurement Officer may permit offerors who have submitted acceptable proposals to revise their initial proposals and submit in writing best and final offers.

Upon completion of all discussions and negotiations, reference checks, and site visits, if any, the Procurement Officer will recommend award of the contract to the responsible offeror whose proposal is determined to be the most advantageous to the State, considering price and the evaluation factors set forth in this RFP. In making this determination, technical merit will receive greater weight than financials as determined by the average of rates to include the initial term of the contract and the options years as shown on Charts 1-8.

SECTION 5. PROPOSAL FORMAT

5.1 GENERAL

The proposal should address all points and questions outlined in the RFP. It should be clear and precise in response to the information and requirements described in the RFP.

5.2

FORMAT OF THE PROPOSAL

Proposals must be submitted in TWO SEPARATE VOLUMES, TECHNICAL AND FINANCIAL. Technical volumes must be sealed separately from financial volumes but submitted simultaneously at the Issuing Office. An original, so identified, and 6 copies, one copy unbound, of each volume are to be submitted.

Each offeror is required to submit a separate sealed package for each volume which is to be labeled ATechnical Proposal@ and AFinancial Proposal@ (respectively). Each sealed package must bear the RFP title, name and address of the offeror, the volume number (I or II), and the closing date and time for the receipt of the proposal on the outside of the package. A transmittal letter and a statement acknowledging receipt of any and all addenda should accompany the technical proposal. The sole purpose of this letter is to transmit the proposal; it should be brief and signed by an individual who is authorized to commit the offeror to the services and requirements as stated in the RFP. All proposals must be numbered from beginning to end. Enclosed in each package should be the original and six copies of the offeror=s proposal.

5.2.1 Volume I - Technical Proposal

The Technical Proposal shall include:

a. **Executive Summary**

The Offeror shall condense and highlight the contents of the Technical Proposal in a separate section titled AExecutive Summary.@ The summary shall provide a broad overview of the contents of the entire proposal and shall reference compliance with each item in the Offeror Qualifications (Section 2).

b. Offeror Qualifications

Provide a detailed discussion of the Offeror=s service capabilities and approaches to address the qualifications outlined in Section 2 of this RFP. Fully explain how the proposed services will satisfy the requirements of the RFP.

c. Proposed Plan Design

Provide a detailed discussion of the group long term care plan design being proposed, including optional levels of coverage available to participants.

d. Completed Questionnaire

Repeat each number and question as provided in Section 3.5. Provide clear and complete responses. To assist offerors in the preparation of their responses, a disk copy of this questionnaire in WordPerfect 6.1 format is available.

e. Required Submissions

Offerors should submit:

1. Completed Proposal Affidavit (Attachment B - original copy only).
2. Certified Minority Business Enterprise (MBE) Affidavit (See Section 1.17 and Attachment D-1).
3. Financial Statements and Annual Reports, (audited preferred).

f. Subcontractors

Offerors must identify subcontractors and the role these subcontractors will have in the performance of the contract. Disclosure of MBE subcontractors at this point is optional.

5.2.2 Volume II - Financial Proposal

Under separate sealed cover from the Technical Proposal and clearly identified with the same information noted on the Technical Propoposal, the Contractor must submit an original and six copies of the Financial Proposal. The Financial Proposal must contain all cost information in the format specified in Attachment E of this RFP.

ATTACHMENTS

In accordance with the State Procurement Regulations, the Proposal Affidavit, **Attachment B**, and Certified MBE Utilization and Fair Solicitation Affidavit, **Attachment D-1**, must be completed and submitted with the Technical Proposal, and the Contract Affidavit, **Attachment C**, must be submitted at Contract award.